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This single chapter on the investment climate is excerpted from the FY 2005 Country Commercial Guide for Kuwait. The full text of the report is also available on this website.

**CHAPTER 8**  
**TRADE AND PROJECT FINANCING**

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**KUWAIT'S BANKING SYSTEM**

Under the supervision and authority of the Central Bank of Kuwait, the Kuwait financial sector is made up of seven commercial banks that follow international banking standards. These banks provide traditional banking services such as savings accounts, traveler's checks, credit cards, money market accounts, remittances, etc. In addition, Kuwaiti banks can provide U.S. companies and individuals with financial assistance and support. The Kuwait Finance House is the only Islamic bank in Kuwait providing services and products comparable to those of a Western-style commercial bank. A new Islamic Bank, Bubyar Bank, was established recently but is not yet operational.

There are also three specialized government banks in Kuwait that provide medium and long term financing. For example, the Industrial Bank of Kuwait finances industrial and agricultural projects. The Kuwait Real Estate Bank (KREB), on the other hand, provides financing for real estate projects. The role of the Credit and Savings Bank is to help individual Kuwaitis with financial support for housing and personal residential development.

Many Kuwaiti banks have full correspondent relationships with major U.S. banks. The banks most frequently mentioned as providing a wide range of correspondent services are Citibank, Bankers Trust and Chemical Bank. There are, however, numerous other American banks providing specific services such as investment advice, credit card processing, traveler's check processing and foreign exchange trading services. In addition, many non-U.S. banks with operations in the United States also have firm correspondent relationships with Kuwaiti banks. These include Credit Lyonnais, Deutsche Bank, Dresdner Bank and Standard Chartered Bank.

Due to the broad and sophisticated nature of operations at Kuwaiti banks, there are expectations that foreign correspondent banks should be able to respond to a full range of banking needs. Kuwaiti banks have a global perspective and expect their foreign correspondents to work with them at that level.

**GENERAL FINANCING AVAILABILITY**

Kuwait offers American companies a number of resources for trade and project financing, which include world-class commercial banks, sophisticated investment companies and Islamic financial institutions. Kuwaiti banks are able to provide financial facilities direct to the U.S. company based on its financial statements or supported by a counter guarantee from a reputable bank in the U.S. Subject to the nature of the consignment, financing by Kuwaiti banks can be offered on a variety of terms. These include direct payment, cash in advance, documentary collection, letters of credit, and letters of guarantee. Under the supervision and authority of the Central Bank of Kuwait, the seven commercial banks described above

follow international banking standards. There are also three specialized government banks in Kuwait providing medium and long-term financing.

U.S. firms can work through their agents to assign the proceeds of the contract in favor of the local bank. A U.S. company may receive financing through their local agent or by a joint venture partnership formed with a Kuwaiti counterpart. In addition, U.S. companies may approach local lead agents such as investment companies and/or banks to issue KD bonds on their behalf under the company name. Approval for the issuance of the bonds is subject to the financial standing of the company, a market study, and the approval of the Central Bank of Kuwait. The advantage of using bonds as a financing tool is that it avoids foreign exchange fluctuations over the term of the contract. Including finance packages as part of a project proposal gives U.S. companies an excellent advantage. U.S. firms are encouraged to approach the U.S. Export Import Bank and other international financial institutions to obtain financial packages that may help make their bids more attractive in the Kuwaiti market.

### **REQUIREMENTS TO OPEN A COMPANY ACCOUNT IN A KUWAITI BANK**

- Memorandum of Association
- Articles of Association
- Board Resolution - stating the persons authorized to open and operate the account on behalf of the company and obtain any form of credit facilities. This resolution should also state who has the authority to amend the signatories to the account.
- All of the above documents should be notarized by a US Chamber of Commerce-affiliated Chamber of Commerce and the Kuwait Embassy in Washington, D.C.
- Account Opening Forms duly signed (in the presence of a bank officer)
- Photocopies of the passport of the U.S. firm's representative

### **Products and services available through Kuwait banks include:**

- Bid bonds, performance bonds, advance payments, guarantees, retention bonds, etc.
- Sight drafts and letters of credit in any major currency
- Cash facilities (i.e. lines of credit, loans) in Kuwaiti dinars or other major currencies
- Foreign exchange hedging lines
- Day-to-day banking transactions for the company and its employees

### **HOW TO FINANCE EXPORTS/METHODS OF PAYMENT**

Subject to the nature of the consignment, financing by Kuwait banks can be offered on a variety of terms. These include:

- Direct payment
- Cash in advance
- Documentary collection
- Letters of Credit
- Letters of Guarantee

The Kuwait banking system is highly professional and fully capable of handling short and medium-term financing for all types of transactions in the major currencies of the world.

### AVAILABLE EXPORT FINANCING AND INSURANCE

Exim Bank facilities are available for public sector imports of U.S. goods and services through the Kuwait Investment Authority (the sole government body to borrow on behalf of the state, government ministries and government agencies). Private sector firms can obtain financing through local banks either in the name of their local agent, the U.S. firm, or jointly.

### PROJECT FINANCING AVAILABLE

The Gulf Investment Corporation (GIC), headquartered in Kuwait and formed by the six Gulf Cooperation Council (GCC) countries, (Bahrain, Kuwait, Saudi Arabia, Qatar, Oman and the United Arab Emirates), is a multi-service financial institution. The GIC's objective is to provide a range of financial services to both corporate and private investors. These include portfolio management, syndication's, new bond and equity issues, financial advisory services, and other capital market activities and direct investment. The GIC's strategy for direct investment is to promote joint venture partnerships in such fields as manufacturing, agriculture, minerals and other industrial services by providing equity and debt funding.

The International Investor (TII) and the International Investment Group (IIG) are private Islamic investment groups that specialize in the design and delivery of a range of international and local investment products and services, including project and export finance. TII and IIG provide corporations and individuals with custom-made financial services and products designed to meet the specific needs and requirements of U.S. companies.

Kuwait is a member of the World Bank's International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and the Multilateral Investment Guarantee Agency.

### BANKS WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS

The Central Bank of Kuwait  
P.O.Box 526 Safat  
13006 Kuwait  
Tel: (965) 244-9200  
Fax: (965) 246-4887  
Deputy Governor: Dr. Nabil Al-Mannae  
[www.cbk.gov.kw](http://www.cbk.gov.kw)

#### *Commercial banks with their Correspondent banks (if any):*

##### *Al-Ahli Bank/ Bank of New York*

P.O. Box 21923 Safat  
13014 Kuwait  
Tel: (965) 240-0900  
Fax: (965) 242-4557  
Chief General Manager & CEO: Abdulla Al-Sumait  
[www.abkuwait.com](http://www.abkuwait.com)

***Bank of Bahrain & Kuwait / National Bank of Kuwait, NY***

P.O. Box 24396 Safat

13104 Kuwait

Tel: (965) 241-7140

Fax: (965) 244-0937

[www.bbkonline.com](http://www.bbkonline.com)

E-mail: [bbkwt@qualitynet.net](mailto:bbkwt@qualitynet.net)

Acting General Manager: Mr. Abdul Rahman Al-Kooheji

***Bank of Kuwait & the Middle East / Bankers Trust & Chemical Bank***

P.O. Box 71 Safat

13001 Kuwait

Tel.: (965) 243-4127

Fax: (965) 241-7926

Chief General Manager & CEO: Mr. Michael Fuller

E-mail: [bkmekw@bkme.com.kw](mailto:bkmekw@bkme.com.kw) , Web Site: [www.bkme.com](http://www.bkme.com)

***Burgan Bank / Chase Manhattan Bank & Citibank***

P.O. Box 5389 Safat

13054 Kuwait

Tel.: (965) 243-9000

Fax.: (965) 246-1148

Deputy Chairman & MD: Mr. Jonathan D. Lyon

[www.burgan.com](http://www.burgan.com)

***Commercial Bank of Kuwait / Chemical Bank & Commercial Bank of Kuwait, N.Y. Branch***

P.O. Box 2861 Safat

13029 Kuwait

Tel.: (965) 241-1011

Fax.: (965) 245-0150

Acting General Manager & CEO: Mr. Jamal Al-Mutawa

[www.cbk.com](http://www.cbk.com)

E-mail: [jamalm@banktijari.com](mailto:jamalm@banktijari.com)

***Gulf Bank / Citibank & Bankers Trust***

P.O. Box 3200, Safat

130032 Kuwait

Tel.: (965) 244-9501

Fax.: (965) 244-6126

Chief General Manager & CEO: Mr. Thomas Chen

[www.e-gulfbank.com](http://www.e-gulfbank.com)

Email: [chen@gulfbank.com](mailto:chen@gulfbank.com)

***Industrial Bank of Kuwait / National Bank of Kuwait, N.Y. Branch***

P.O. Box 3146 Safat

13032 Kuwait

Tel: (965) 245-7661

Fax: (965) 246-2057

Chairman & Managing Director: Mr. Saleh M. Al-Yousef

[www.ibkuwt.com](http://www.ibkuwt.com)

Email: [s\\_alyouxis@ibkuwt.com](mailto:s_alyouxis@ibkuwt.com)

***Kuwait Finance House / Citibank***

P.O. Box 24989 Safat

13110 Kuwait

Tel.: (965) 244-5050

Fax.: (965) 245-5135

General Manager: Mr. Jassar Al-Jassar

[www.kfh.com](http://www.kfh.com)

Email: [jassar@kfh.com](mailto:jassar@kfh.com)

***Kuwait Real Estate Bank / Bank of America***

P.O. Box 22822 Safat

13089 Kuwait

Tel.: (965) 245-8177

Fax.: (965) 246-2271

General Manager: Mr. Abdulla Saif

[www.kreb.com.kw](http://www.kreb.com.kw)

Email: [alsaif@kreb.com.kw](mailto:alsaif@kreb.com.kw)

***National Bank of Kuwait / National Bank of Kuwait, N.Y. Branch***

P.O. Box 95 Safat

13001 Kuwait

Tel.: (965) 242-2011

Fax.: (965) 2431888

Chief General Manager: Mr. Ibrahim Dabdoub

[www.nbk.com](http://www.nbk.com)

E-mail: [dabdoub@nbk.com](mailto:dabdoub@nbk.com)

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**Please Note:** *Country Commercial Guides are available to U.S. exporters on the website:*

<http://www.export.gov> or contact the U.S. Commercial Service office in Kuwait by fax at (965) 538-0281 or email at [kuwait.city.office.box@mail.doc.gov](mailto:kuwait.city.office.box@mail.doc.gov)

**Country Commercial Guides** can be ordered in hard copy or on diskette from the **National Technical Information Service (NTIS)** at **1-800-553-NTIS**. U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** of the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to one of the following websites: [www.usatrade.gov](http://www.usatrade.gov) or [www.tradeinfo.doc.gov](http://www.tradeinfo.doc.gov)

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